THE DOWNTOWN ALLIANCE, INC.

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
AND
CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2005 and 2004

HANSEN, BARNETT & MAXWELL
A Professional Corporation
CERTIFIED PUBLIC ACCOUNTANTS

THE DOWNTOWN ALLIANCE, INC.

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Trustees
The Downtown Alliance, Inc.

We have audited the accompanying consolidated statements of financial position of The Downtown Alliance, Inc. (the Alliance) (a non-profit organization) as of June 30, 2005 and June 30, 2004, and the related consolidated statements of activities and change in net assets and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Alliance's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Downtown Alliance, Inc. as of June 30, 2005 and 2004, and the changes in its consolidated net assets and its consolidated cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards,* we have also issued our report dated December 2, 2005, on our consideration of The Downtown Alliance, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was made for the purpose of forming an opinion on the 2005 and 2004 basic consolidated financial statements taken as a whole. The supplementary schedules on pages 12-15 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

HANSEN, BARNETT & MAXWELL

Salt Lake City, Utah
December 2, 2005

THE DOWNTOWN ALLIANCE, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2005 AND 2004

	2005	2004
ASSETS		
Current Assets		
Cash and cash equivalents	$ 236,123	$ 148,274
Trade receivables, net of allowance for doubtful accounts of $3,370 and $3,370, respectively	33,449	25,519
Accounts receivable - related party	12,250	15,450
Other assets	-	3,210
Total Current Assets	281,822	192,453
Property & Equipment, Net	30,151	74,988
Total Assets	$ 311,973	$ 267,441
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	$ 97,034	$ 17,914
Accounts payable - related party	17,123	-
Accrued liabilities	69,473	49,057
Current portion of capital lease obligations	1,197	1,096
Total Current Liabilities	184,827	68,067
Long Term Portion of Capital Lease Obligations	399	1,737
Net Assets - Unrestricted	126,747	197,637
Total Liabilities and Net Assets	$ 311,973	$ 267,441

The accompanying notes are an integral part of these consolidated financial statements.

THE DOWNTOWN ALLIANCE, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2005 AND 2004

	2005	2004
Revenues		
Contract Revenue	$ 730,450	$ 664,126
Sponsorships	93,200	96,260
Program Revenue	399,591	395,856
Grants & Contributions, including in-kind contributions of $184,789 and $201,699	286,962	299,857
Miscellaneous Revenue	6,089	1,860
Loss on disposal of property and equipment	(23,029)	(409)
Total Revenues	1,493,263	1,457,550
Expenses		
Program Services		
Downtown promotion	527,576	509,994
Economic development	385,601	378,667
First Night	376,204	384,664
Total Program Services Expenses	1,289,381	1,273,325
Support Services		
General and administrative	274,772	161,292
Total Expenses	1,564,153	1,434,617
Change in Net Assets	(70,890)	22,933
Net Assets - Beginning of Year	197,637	174,704
Net Assets - End of Year	$ 126,747	$ 197,637

The accompanying notes are an integral part of these consolidated financial statements.

THE DOWNTOWN ALLIANCE, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2005, AND 2004

	2005	2004
Cash Flows from Operating Activities		
Change in net assets	$ (70,890)	$ 22,933
Adjustments to reconcile net increase in net assets to cash flows from operating activities:		
Depreciation and amortization	21,808	43,427
Loss on disposal of assets	23,029	409
Changes in assets and liabilities:		
Trade receivables	(7,930)	(4,897)
Trade receivables related party	3,200	(15,450)
Other assets	3,210	-
Accounts payable	79,120	(1,392)
Accounts payable - related party	17,123	-
Accrued liabilities	20,416	8,855
Net Cash Flows from Operating Activities	89,086	53,885
Cash Flows from Investing Activities		
Purchase of property and equipment	-	(4,553)
Net Cash Flows from Investing Activities	-	(4,553)
Cash Flows from Financing Activities		
Payments made on capital lease obligations	(1,237)	(18,217)
Net Cash Flows from Financing Activities	(1,237)	(18,217)
Net Change in Cash and Cash Equivalents	87,849	31,115
Cash and Cash Equivalents at Beginning of Year	148,274	117,159
Cash and Cash Equivalents at End of Year	$ 236,123	$ 148,274

The accompanying notes are an integral part of these consolidated financial statements.

THE DOWNTOWN ALLIANCE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2005 AND 2004

NOTE 1–NATURE OF OPERATIONS

Organization — The Downtown Alliance, Inc., (the "Alliance") is a non-profit Utah corporation organized to promote growth, foster development and encourage activities within the Salt Lake central business area. Support is received primarily from a contract with Salt Lake City (the "City") for funding through the Central Business Economic Improvement District of Salt Lake City Corporation.

Effective July 1, 2003, the Alliance and the Salt Lake Area Chamber of Commerce (the "Chamber") entered into a strategic alliance. Both entities will retain separate legal status. The boards for both entities have been merged and a committee of board members was selected to oversee the operations of The Alliance. As part of this strategic alliance, employees of the Alliance have became employees of the Chamber and are leased back to the Alliance to operate the programs.

First Night – First Night, Salt Lake City, Inc. ("First Night") was organized for the purpose of broadening and deepening the public's appreciation for the visual and performing arts. This is accomplished by coordinating and operating an annual public celebration of the New Year, which promotes the visual and performing arts. First Night is managed by the Alliance and is considered a program of the Alliance and shares the same Board of Directors, although First Night and the Alliance are separate legal entities. Therefore, for presentation purposes, First Night is considered to be a subsidiary of the Alliance. First Night's financial position and activities are consolidated with those of the Alliance in its financial statements. The fiscal year end for First Night is March 31. Due to the nature and timing of First Night's activities, the different fiscal year end does not result in materially different amounts on the accompanying financial statements than would be presented under a June 30 fiscal year.

Program Services —

Lifestyle – Lifestyle includes ongoing programs such as Lights On, Farmer's Market, First Night, Twilight Concerts, Arts & Crafts Market, Winterfest and other downtown events. Other efforts include a bi-monthly newsletter, parking guides and downtown night life guides.

Economic Development – Economic development includes the downtown token program, distribution of economic development materials, economic profiles, and benchmark studies. Other efforts include promotional brochures, attendance at conferences and seminars, and various marketing campaigns.

Consolidation – The accompanying consolidated financial statements include the accounts and transactions of the Alliance for all periods presented and the accounts and transactions of its subsidiary. Intercompany accounts and transactions have been eliminated in consolidation.

NOTE 2–SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation— The Alliance follows U.S. generally accepted accounting principles for not-for-profit organizations and reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, as applicable.

Cash and Cash Equivalents — For purposes of the statements of cash flows, the Alliance considers all unrestricted highly liquid investments with an initial maturity an three months or less to be cash equivalents.

Accounts Receivable – Accounts receivables are based on sponsorships and promotions of activities that the Alliance handles. Management provides an allowance for doubtful collections that is based upon a review of outstanding receivables, historical collection information, and existing economic conditions. Delinquent receivables are evaluated for reasonableness in collections and written off based on individual evaluation and specific circumstances of the customer.

Revenue Recognition — Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Property and Equipment — Equipment is recorded at cost. Depreciation and amortization are computed on the straight-line method over the following estimated useful lives:

Assets	Useful Lives
Computer Equipment	5 years
Furniture and Fixtures	7 years
Leasehold improvements	3 years

Contributions — Contributions are recognized as revenue in the period received at their fair values and reported as unrestricted, temporarily restricted or permanently restricted support, as applicable, depending on the existence of donor restrictions.

Contributed Services— During the years ended June 30, 2005, and 2004, the value of contributed services which meet the requirements for recognition in the financial statements was not material and has not been recorded.

Many individuals volunteer their time and perform a variety of tasks in connection with First Night's activities. These services have not been recorded in the financial statements as they do not meet the accounting criteria for recognition as contributed services.

Sponsorship of Events — During the normal course of operations, the Alliance receives sponsorship support in exchange for acknowledgment of the sponsor's name, logo, or product line in connection with its activities.

Advertising — The Alliance expenses advertising costs as incurred. Total advertising expense for the years ended June 30, 2005 and 2004 was $168,954 and $257,905 respectively. Not included in advertising expense are non-cash in-kind contributions, which were $184,789 and $201,699 for the years ended June 30, 2005 and 2004, respectively.

Use of Estimates — The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Functional Allocation of Expenses — The costs of operating the various programs and other activities have been summarized on a functional basis in the statement of activities. Costs are allocated between general and administrative costs and the appropriate program based on evaluations of the related benefits. General and administrative costs include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Alliance.

Income Taxes — The Alliance and First Night are exempt from federal income taxes under Section 501(c)(6) and Section 501(c)(3), respectively, of the Internal Revenue Code in connection with their exempt activities. Both entities are also exempt from state income taxes under State of Utah tax regulations.

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost. Maintenance, repairs, and minor replacements are charged to expense as incurred. When depreciable assets are retired, sold, or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and the resulting gain or loss is reflected in earnings.

	2005	2004
Computer equipment	$ 12,900	$ 20,777
Furniture and fixtures	52,596	52,596
Leasehold improvements	-	96,784
Total	65,496	170,157
Accumulated depreciation and amortization	(35,345)	(95,169)
Net property and equipment	$ 30,151	$ 74,988

NOTE 4 – CONCENTRATIONS OF CREDIT RISK

The Alliance maintains its cash and money market accounts with two financial institutions. Balances on deposit at the bank may at times exceed federally insured limits. The Alliance has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk related to cash balances.

During the years ended June 30, 2005 and 2004, approximately 46% and 45%, respectively, of the total revenue earned by the Alliance was a result of a contract with the City.

NOTE 5 – CAPITAL LEASES

The Alliance purchased no additional office equipment under capital lease agreements during the year ended June 30, 2005. The Alliance purchased office equipment under capital lease agreements during the years ended June 30, 2004. The provisions of these agreements call for monthly payments including interest. The following is a schedule of future minimum payments under the capital leases:

2006	$	1,370
2007		414
Total future payments		1,784
Less amounts representing interest		(188)
Present value of net minimum lease payments	$	1,596

Under the lease agreements, the current and long-term portions of the capital lease principal payments are $1,197 and $399, respectively.

Property recorded under capital leases includes the following amounts at June 30:

	2005		2004	
Furniture and fixtures	$	45,413	$	45,413
Accumulated depreciation		(23,264)		(16,575)
Balance, end of year	$	22,149	$	28,838

Depreciation expense for equipment acquired under capital leases totaled $6,689 and $ 8,332 for the year ended June 30, 2005 and 2004, respectively.

NOTE 6 – MANAGEMENT CONTRACT AND CONTINGENCIES

The contract with the City for the funding from the Central Business Economic Improvement District of Salt Lake City Corporation provides for support of the Alliance in the amount of $2,100,000 to be paid quarterly over a three-year term. The current contract expires in April 2007.

The use of funds and the activities of the Alliance are subject to compliance audits by the city. Any future liability for reimbursement which may arise as the result of these audits is not believed to be material. No reimbursements have been required in the past. Per mutual agreement between the City and the Alliance, revenue from the contract is recognized quarterly, as it is considered to be earned.

NOTE 7 – RETIREMENT PLAN

On January 1, 2000, the Chamber adopted a retirement plan under Section 401(k) of the Internal Revenue Code for its employees and terminated the SEP plan. The plan was restated effective January 1, 2003 as required by legislative changes. Subsequent to the July 1, 2003 merger with the Downtown Alliance, the plan was again amended and the Downtown Alliance closed its 401(k) plan and transferred the assets to the Chamber Plan effective January 1, 2004.

An employee is eligible to participate in the plan after the completion of one year of employment with one thousand hours service. Safe Harbor Non-Elective contributions are made to every eligible employee account based on employee class. Non-Elective contributions for employees in the lowest class must be at least one third that of employees in the highest class, with a minimum of 3% for those in the lowest class. Employer contributions are 100% vested on the date of contribution. Employer contributions to the 401(k) plan for the years ended June 30, 2005 and 2004 were $11,531 and $9,818, respectively.

Employees may make salary deferrals subject to federal limitations. Matching contributions may be made at the Chamber's discretion. When a matching contribution is declared, participants who are employed on the last day of the plan year will be eligible. Matching contributions will be allocated in proportion to the salary deferrals made by each participant.

In accordance with an employment agreement between the Executive Director and the Alliance, the Alliance has accrued approximately $47,800 and $45,000 in severance pay as of June 30, 2005 and 2004, respectively, based on tenure of service.

NOTE 8 – SUPPLEMENTAL CASH FLOW INFORMATION

Cash and cash equivalents include cash on hand, bank demand deposit accounts and money market accounts.

During the years ended June 30, 2005 and 2004, the Alliance paid $367 and $298 of interest respectively.

Non-Cash Activities — During 2005, the Alliance disposed of equipment with an original cost of $98,101 and accumulated depreciation of $75,072, resulting in a loss on disposal of $23,029. During 2004, the Alliance disposed of equipment with an original cost of $7,144 and accumulated depreciation of $6,735, resulting in a loss on disposal of $409.

During the year ended June 30, 2004, the Alliance entered into a lease agreement in the amount of $3,522 for the purchase of new computers.

NOTE 9 – RELATED PARTIES

First Night paid management fees of approximately $61,800 and $18,400 to the Downtown Alliance for the year ended June 30, 2005 and 2004. At year-end, First Night had $46,400 of unpaid management fees payable to the Alliance. Due to consolidation of the financial statements, this balance is eliminated and is not presented on the consolidated financial statements.

The Alliance is paid a management fee by First Night to oversee the management of the organization. Due to the different year ends of the two organizations, an accrual of this management fee is made for the three-month difference in fiscal year ends. This management fee is included in the financial statements as "accounts receivable - related party."

The Alliance shares expenses with the Chamber for rent, utilities, overhead, and economic development consulting. The Chamber is a related party and has a receivable at year end from the Alliance. This amount has been classified on the Balance Sheet as "accounts payable – related party."

SUPPLEMENTARY INFORMATION

THE DOWNTOWN ALLIANCE, INC.
CONSOLIDATING SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2005

	Program Services				
	Lifestyle	Economic Development	First Night	General and Administrative	2005 Totals
EXPENSES					
Compensation and related taxes	$ 168,270	$ 120,148	$ 35,266	$ 61,479	$ 385,163
Awards & Gifts	132	-	-	625	757
Catering and Hotel	3,611	7,518	-	2,850	13,979
Contributions - Internal	15,000	17,737	-	-	32,737
Contributions - External	-	140	-	-	140
Facility and Equipment Rental	18,998	663	37,447	89,444	146,552
Management Fees - External	-	52,000	1,087	-	53,087
Advertising & Marketing	86,679	26,000	56,275	-	168,954
Miscellaneous Program Expenses	123,319	26,792	10,996	5,878	166,985
Multi Media Production	135	-	23,574	-	23,709
Patricipant Materials	120	-	-	-	120
Planning and Committee Meetings	110	87	-	-	197
Postage	16,101	1,103	15	1,793	19,012
Printing, Design, Photography	69,283	36,419	416	5,513	111,631
Supplies	2,903	500	717	6,082	10,202
Contract Labor & Entertainers	20,289	59,576	6,015	7,716	93,596
Taxes	123	-	177	892	1,192
In-Kind Expenses	-	-	128,150	56,639	184,789
Token Redemption	-	19,816	-	-	19,816
Studies and Surveys	-	13,500	-	-	13,500
Signage	1,130	-	-	-	1,130
Web Support	1,355	3,602	66,869	-	71,826
Liability Insurance	-	-	1,500	6,272	7,772
Printing, Design & Photography	18	-	-	-	18
Travel, Lodging, Meals	-	-	947	1,463	2,410
Bank Charges	-	-	50	482	532
Other	-	-	6,703	5,836	12,539
Depreciation	-	-	-	21,808	21,808
Total Expenses	$ 527,576	$ 385,601	$ 376,204	$ 274,772	$ 1,564,153

THE DOWNTOWN ALLIANCE, INC.
CONSOLIDATING SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2004

	Program Services				
	Lifestyle	Economic Development	First Night	General and Administrative	2004 Totals
EXPENSES					
Compensation and related taxes	$ 99,789	$ 134,252	$ 9,665	$ 54,104	$ 297,810
Research and studies	-	6,211	-	-	6,211
Public relations, information and events	138,713	56,990	167,206	1,118	364,027
Advertising	133,959	73,989	49,957	-	257,905
Holiday lighting	66,210	-	-	-	66,210
In-kind expense	-	-	134,035	67,664	201,699
Forums and meetings	847	12,427	455	-	13,729
Rent	17,282	23,251	-	9,370	49,903
Insurance	11,512	15,488	8,982	6,241	42,223
Auto Expense	1,759	2,366	-	954	5,079
Professional fees	4,903	6,596	8,023	2,658	22,180
Supplies and Materials	1,613	2,170	436	874	5,093
Printing and publications	3,176	4,257	-	1,547	8,980
Dues and subscriptions	1,318	1,773	2,583	715	6,389
Parking	3,925	5,280	-	2,128	11,333
Telephone	1,285	1,729	258	696	3,968
Travel, meals and entertainment	1,186	1,595	2,302	643	5,726
Board expenses	505	680	-	274	1,459
Depreciation	15,039	20,233	-	8,155	43,427
Postage and shipping	2,551	3,431	346	1,383	7,711
Bank charges	-	-	50	99	149
Other	4,422	5,949	340	2,397	13,108
Interest expense	-	-	26	272	298
Total Expenses	$ 509,994	$ 378,667	$ 384,664	$ 161,292	$ 1,434,617

THE DOWNTOWN ALLIANCE, INC.
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
JUNE 30, 2005

Description	First Night	Downtown Alliance	Eliminated In Consolidation	Consolidated Total
Current Assets				
Cash & cash equivalents	$ 27,624	$ 208,499	$ -	$ 236,123
Trade receivables	9,851	69,998	(46,400)	33,449
Accounts receivables - related party	-	-	12,250	12,250
Total Current Assets	37,475	278,497	(34,150)	281,822
Property & Equipment, net	-	30,151	-	30,151
Total Assets	$ 37,475	$ 308,648	$ (34,150)	$ 311,973
Current Liabilities				
Accounts Payable	$ 34,418	$ 96,766	$ (34,150)	$ 97,034
Accounts Payable - Related Party		17,123		17,123
Accrued Liabilities	-	69,473	-	69,473
Current Portion of Capital Lease Obligation	-	1,197		1,197
Total Current Liabilities	34,418	184,559	(34,150)	184,827
Long Term Portion of Capital Lease Obligation	-	399	-	399
Total Liabilities	34,418	184,958	(34,150)	185,226
Net Assets	3,057	123,690	-	126,747
Total Liabilities & Capital	$ 37,475	$ 308,648	$ (34,150)	$ 311,973

THE DOWNTOWN ALLIANCE, INC.
CONSOLIDATING SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2005

Description	First Night	Downtown Alliance	Eliminated In Consolidation	Consolidated Total
Revenues				
Contract Revenue	$ 15,000	$ 715,450	$ -	$ 730,450
Sponsorships	93,200	-	-	93,200
Program Revenue	101,142	378,449	(80,000)	399,591
Grants & Contributions, including in-kind contributions of $184,789 and $201699	230,323	56,639	-	286,962
Miscellaneous Revenue	959	5,130	-	6,089
Loss on disposal of property and equipment	-	(23,029)	-	(23,029)
Total Revenues	440,624	1,132,639	(80,000)	1,493,263
Expenses				
Program Services	440,754	928,627	(80,000)	1,289,381
General and Administrative	-	274,772	-	274,772
Total Expenses	440,754	1,203,399	(80,000)	1,564,153
Change in Net Assets	(130)	(70,760)	-	(70,890)
Net Assets - Beginning of Year	3,187	194,450	-	197,637
Net Assets - End of Year	$ 3,057	$ 123,690	$ -	$ 126,747

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REPORT INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
The Downtown Alliance, Inc.

We have audited the consolidated financial statements of The Downtown Alliance, Inc., (the Alliance) (a non-profit Utah corporation), as of and for the year ended June 30, 2005, and have issued our report thereon dated December 2, 2005, We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting.

In planning and performing our audit, we considered the Alliance's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Alliance's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the management, the Board of Trustees, and funding agencies of the Alliance and is not intended to be and should not be used by anyone other than these specified parties.

HANSEN, BARNETT & MAXWELL

Salt Lake City, Utah
December 2, 2005